

Message Text

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USIA-06 AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02
OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 /090 W
-----281743Z 090688 /47

R 280900Z JAN 77

FM AMCONSUL MILAN

TO SECSTATE WASHDC 5160

INFO AMEMBASSY ROME

AMEMBASSY BRUSSELS

C O N F I D E N T I A L SECTION 1 OF 2 MILAN 0175

E.O. 11652: GDS

TAGS: ECON, PINT, PFOR, PINR, IT

SUBJECT: CABLE FROM PARMA, JANUARY 26, 1977

REF: A) 76 MILAN 2261 B) 76 MILAN 0653 C) 76 MILAN 0585

1. SUMMARY. IN HAM, CHEESE, AND MUSIC CAPITAL OF PARMA, LOCAL ECONOMY IN FINE FIDDLE EVEN IF POLITICAL MUSIC SOMEWHAT DISSONANT POLITICAL PICTURE FAR FROM SERENE, WITH DC LEFT READY TO REACT FAVORABLY TO PCI OVERTURES, DC CENTER TRYING TO MEND FENCES WITH FORMER SOCIALIST PARTNERS, AND PSI TRYING TO PUT ITSELF BACK TOGETHER AGAIN AFTER LAST SPRING'S LOCAL BUILDING SCANDAL DEBACLE. END SUMMARY.

2. EXECUTIVE OFFICER, ECONOMIC OFFICER, AND LOCAL ECONOMIC SPECIALIST VISITED PARMA JANUARY 26, CALLING OF MAYOR; DC, PSI, AND CISL PROVINCIAL SECRETARIES; LOCAL NEWSPAPER EDITOR; DIRECTOR OF PARMA HAM CONSORTIUM; AND HEADS OF THREE AGRICULTURAL ASSOCIATIONS. THEIRS IS PROVINCE WHERE PCI- PSI CITY AND PROVINCIAL ADMINISTRATIONS HAVE LONG BEEN IN POWER AND WHERE EARLY IN 1976 BUILDING SCANDAL
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INVOLVING COMMUNIST AND SOCIALIST FIGURES LED TO SHAKE-UP LAST SUMMER IN CITY GOVERNMENT. PCI EMERGED FROM SCANDAL EVEN STRONGER, PSI EVEN WEAKER.

3. PARMA'S FOOD CENTERED ECONOMY IS IN STRONG SHAPE. HIGH PRICE OF PARMESAN CHEESE, HARDSHIP ELSEWHERE, IS GOOD NEWS HERE. PARMA ALSO TURNS OUT SOME FIVE MILLION HAMS PER YEAR (WHOLE-

SALE VALUE CLOSE TO \$2 BILLION) ALL BEING SOLD. PRODUCTION OF GLASS FURNITURE, FOOD AND PROCESSING MACHINERY CONTINUES TO RISE. PLANT CLOSURES ARE RARE, UNEMPLOYMENT NO PROBLEM. MAYOR STATED FLATLY THAT PARMA ECONOMY JUST FINE.

4. ONE OR TWO TROUBLE SPOTS DID SURFACE. HAM MANUFACTURERS HAVE NOT GIVEN UP TALKING ABOUT HOW MUCH THEY'D LIKE TO EXPORT THEIR PRODUCT TO US. PARMA PROSCIUTTO, DIRECTOR OF HAM CONSORTIUM NOTED DRYLY, AMONG BEST IN WORLD AND US IS ONLY COUNTRY ANYWHERE TO FIND IT UNHEALTHY. MORE SERIOUS PROBLEM FOR PARMA IS HEAVY DAMAGE TO PROVINCE'S TOMATO CROP CAUSED BY FALL RAINS. PARMA NORMALLY SUPPLIES HALF OF ITALY'S CANNED TOMATO NEEDS. INFERIOR QUALITY OF THIS YEAR'S CROP, HOWEVER, MAKES IT UNSALABLE, IN ITALY FOR EXPORT, UNDER RIGOROUS MINIMUM STANDARDS PRESCRIBED BY ITALIAN LAW. TWO TOMATO CANNERIES HAVE ALREADY CLOSED, TAKING 200-300 JOBS WITH THEM, AND SOME OTHERS ARE IN TROUBLE.

5. ALTHOUGH ECONOMY GENERALLY QUITE GOOD, PARMA'S POLITICAL PARTIES ARE SQUABBLING. TAKE THE DC. LEFT WING OF PARTY, MINORITY IN PROVINCE (7 OF 30 SEATS ON DC PROVINCIAL COMMITTEE) BUT MAJORITY IN CITY, SAID TO BE ONLY TOO READY TO ACCEPT PCI OFFERS OF COLLABORATION. DC MODERATES, MEANWHILE, ARE TRYING TO MEND RELATIONS WITH SOCIALISTS. OUTGOING DC SECRETARY, FRIENDLY AND INTELLIGENT, SAID THAT, WHILE ANDREOTTI GOVERNMENT HAS BEEN "MIRACLE", IT CAN'T LAST FOREVER. ONE MUST THINK OF FUTURE AND THAT, FOR DC IS WITH SOCIALISTS. HE ACKNOWLEDGED THAT SOME IN PARTY ARE OVERLY PRONE TO COOPERATION WITH PCI. BUT HE FELT THAT NEW PROVINCIAL COMMITTEE TO BE CHOSEN IN MARCH WOULD SEE SLIGHT CHANGE IN FRACTIONAL BALANCE IN FAVOR OF MODERATES. OVERALL, HE CONTENTED, CONFIDENTIAL

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PARMA DC DOING WELL. IN RECENT ADMINISTRATIVE BY-ELECTIONS, DC-PRI MAJORITY HAD HELD EASILY IN ONE COMMUNE WHILE, IN ANOTHER, PSI DECISION TO ABANDON CENTER-LEFT ARRANGEMENT AND RUN ON COMMON LIST WITH PCI HAD CAUSED SPLIT AMONG SOCIALIST AND THEIR PARTY'S DEFEAT, WITH DC EMERGING VICTORIOUS. THAT WAS SMALL BUT ENCOURAGING SIGH THAT PUBLIC REACTION TO DE-WHICH JUNE 1976 ELECTIONS HAD SHOWN TO BE BETTER THAN EXPECTED-WAS GETTING EVEN BETTER.

6. AS FOR NEW FACES, DC SECRETARY NOTED THAT ALL FIVE PARMA DC SENATORS AND DEPUTIES ELECTED IN JUNE 1976 WERE CHANGES. TWO NEW DEPUTIES IN PARTICULAR, GIAMPAOLO MORA AND ANDREA BORRI, WERE BOTH GOOD. MODERATE, LIBERAL-ORIENTED NEWSPAPER EDITOR, HOWEVER, SAID DC HAS PRECIOUS LITTLE YOUNG BLOOD TO COUNT ON, AND SAME WENT FOR OTHER PARTIES. HE FELT ALL OF THEN CONDUCTION BUSINESS PRETTY MUCH IN SAME OLD WAY.

7. PARMA SOCIALISTS ARE IN PARTICULAR DISARRAY. PSI NATIONAL HEADQUARTERS DISSOLVED PROVINCIAL PARTY COMMITTEE IN WAKE OF LAST SPRING'S BUILDING SCANDAL APPOINTING CARETAKER SECRETARY.

NEW COMMITTEE WILL BE CHOSEN IN FEBRUARY. IN CITY, PSI LOST ONE ALDERMAN IN SHAKE-UP AND HAD TO REPLACE MAYOR. INTERNALLY PARTY'S AUTONOMIST MAJORITY BEING SNIPED AT BY TWO SUPPORTERS OF EX-NATIONAL SECRETARY FRANCESCO DE MARTINO. THEY ARE EX-DEPUTY ATILLO FERRARI AND EX-MAYOR CESARE GHERRI, BOTH SCANDAL CASUALTIES.

8. DESPITE ITS TROUBLES, PARMA PSI APPEARED SUBSTANTIALLY UNITED BEHIND CRAXI AND AGAINST COMMUNISTS. NEW PSI MAYOR ALDO CREMONINI ASCETIC-LOOKING, PRO-AMERICAN LAWYER WITH GOOD REPUTATION, CALLED CRAXI BEST POSSIBLE MAN FOR JOB. YOUTHFUL, SERIOUS PSI SECRETARY AGREED. BOTH DISTRUSTED COMMUNISTS. MAYOR IN PARTICULAR WAS OUTSPOKENLY SKEPTICAL OF PCI CLAIMS TO BE DEMOCRATIC PARTY.

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OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 /090 W
-----281742Z 090516 /47

R 280900Z JAN 77
FM AMCONSUL MILAN
TO SECSTATE WASHDC 5161
INFO AMEMBASSY ROME 6760
AMEMBASSY BRUSSELS

C O N F I D E N T I A L SECTION 2 OF 2 MILAN 0175

HE SPOKE OF GREAT NEED ITALY HAS NOW FOR US AND LAMENTED ABSOLUTE ABSENCE OF AMERICAN PRESENCE IN PARMA, WHERE EVENTS OF RECENT YEARS AND COMMUNIST PROPAGANDA HAVE LED MANY TO EQUATE AMERICANS WITH NAZIS. RUSSIANS, HE ADDED, MAKE THEMSELVES SEEN IN PARMA. THESE ARE DECISIVE TIMES HERE, HE SAID, SINCE ITALIANS BEING CALLED UPON TO DECIDE WHETHER TO TURN EASTWARD OR STAY WITH WEST. HE HOPED US WOULD BE MORE ACTIVE AND EFFECTIVE IN PRESENTING ITS OWN POINT OF VIEW ON QUESTION.

9. PARMA PCI IS HEAVILY DISCIPLINED AND LAVISHLY FINANCED BUT MAY BE SHOWING SIGNS OF STRAIN. ONE OF COMMUNISTS' MAIN ACTIVITIES AT MOMENT, SAID DC SECRETARY, WAS TRYING TO EMBRACE DC, ADDING SADLY "TOO BAD THEY AREN'T WOMEN". PSI SECRETARY AND MAYOR CONFIRMED THE PCI WAS MUCH MORE INTERESTED IN DC THAN IN ITS OWN PSI GIUNTA PARTNERS. SECRETARY COMPLAINED, TOO, THAT PCI, FOR YEARS DEMOGOGIC

ADVOCATES OF RUINOUS LOCAL GOVERNMENT SPENDING, ARE NOW SO TIGHT THEY WON'T LAY OUT PUBLIC FUNDS EVEN WHEN THEY'RE JUSTIFIED. THAT HAD BEEN POLICY FOR LAST SIX MONTHS OR SO, AND SITUATION WAS SAME IN OTHER EMILIA-ROMAGNA PROVINCES. PCI NATIONAL HEADQUARTERS HAD OBVIOUSLY ORDERED LOCAL PARTIES TO CHANGE DIRECTION, AND CHANGE THEY HAD. AS FOR MONEY, PCI HAD PLENTY. PSI SECRETARY DESCRIBED PARMA PCI' FOUR STORY OFFICE BUILDING HEADQUARTERS AS SMALL "MINISTRY",
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ADDING THAT PSI ON OTHER HAND HAD FIVE FULL-TIME EMPLOYEES PROVINCE-WIDE AND WAS HARDLY ABLE TO PAY THEM

10. STILL, ALL MAY NOT BE WELL WITH PCI. MAYOR AND PSI SECRETARY BOTH CLAIMED THAT, ALTHOUGH DISCIPLINE WAS BEING MAINTAINED OUTWARDLY, CHANGES IN DIRECTION DECREED BY PCI IN ROME WERE PROVOKING LIVELY AND NOT ALWAYS HARMONIOUS DISCUSSION AMONG LOCAL PCI LEADERS.

11. LABOR SITUATION IN PARMA BY NO MEANS DRAMATIC, BUT LOCAL CISL PROVINCIAL SECRETARY TOO HARD LINE ON NATIONAL EVENTS. UIL SECRETARY BENVENUTO, HE CLAIMED, SPOKE FOR ALL THREE UNIONS IN REFUSING TO REDUCE AUTOMATIC WAGE ESCALATOR SYSTEM(SCALA MOBILE), AND IT WAS NO GOOD TRYING, AS HAD CORRIERE DELLA SERA'S COMMUNIST ECONOMICS EDITOR RIVA, TO PAINT UIL LEADER AS REPRESENTING ONLY HIMSELF. AND WHAT WAS ALL THIS STUFF ABOUT UNION IRRESPONSIBILITY? HADN'T PRESENT UNION-INDUSTRY AGREEMENTS BEEN MADE TWO YEARS AGO BY MR. GIANNI AGNELLI HIMSELF? WAS AGNELLI UNABLE TO LOOK AFTER HIS OWN INTERESTS? UNIONS WERE TRYING TO ACT REASONABLY BUT IT WAS EXASPERATING TO SEE NAMES THEY WERE BEING CALLED.

12. ITEM ON WHICH ALL OUR INTERLOCUTORS IN AGREEMENT WAS EUROPEAN INTEGRATION. MAYOR CALLED IT "ITALY'SALVATION". BOTH DC AND SOCIALIST REPS WERE DELIGHTED AT WHAT THEY SAW AS PROSPECT FOR MORE FAVORABLE ATTITUDE TOWARD EC BY NEW ADMINISTRATION. ALL SAID THEY AND COLLEAGUES HAD ALREADY DISCUSSED ITALIAN CANDIDATE'S NAMES CONSIDERED. EDITOR HOPED ELECTORAL SYSTEM WOULD NOT INCORPORATE ITALIAN FEATURE WHEREBY INCUMBENTS COULD STAY PUT FOR LIFE BY GETTING THEIR NAMES PUT AT HEAD OF PARTY LISTS. GROUP OF BUSINESSMEN AT CAHMBER OF COMMERCE HOPED DIRECT EP ELECTIONS WOULD CORRECT UNDER-REPRESENTATION OF VIEWS OF ITALIAN BUSINESS AND AGRICULTURE IN EUROPEAN COMMUNITIES. PRESENT SITUATION HAD BEEN CAUSED BY STRONG PCI INFLUENCE IN GOVERNMENT HERE, WHICH INFLUENCE WOULD BE GREATLY DILUTED IN STRONG, TRULY REPRESENTATIVE EP, THEY CONTENTED.

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13. SUPPORT FOR EC DID NOT NECESSARILY IMPLY SUPPORT FOR EC POLICIE. DIRECTOR OF DC FAMILY FARMS ASSOCIATION (COLDIRETTI), WHICH REPRESENTS GREAT MAJORITY OF PARMA'S FARMERN, WAS DEAD SET AGAINST CAP INCENTIVES FOR ITALIAN FARMERS TO REDUCE THEIR MILK COW HERDS. MILK AND BUTTER OVERPRODUCTION WERE CAUSED BY OTHER EC COUNTRIES AND ITALY SHOULD NOT HAVE TO PAY FOR THEIR ERRORS. VICE PRESIDENT OF CHAMBER OF COMMERCE COMPLAINED THE CAP HAS NEVER BEEN MUCH HELP TO PARMA TOMATO INDUSTRY, WHICH TURNS OUT BETTER QUALITY BUT HIGH COST PRODUCT THAN IS CASE WITH EC COMPETITORS.

14. IN SUM, PARMA LIKE MANY OTHER NORTHERN ITALIAN PROVINCES IN THAT FOOD-ORIENTED ECONOMY IS PROSPEROUS AND LIFE GENERALLLY GOOD POLITICALLY, HOWEVER, TENDENCIES NOTED ELSEWHERE ARE SEEN HERE IN RELIEF. PCI IS BENDING OVER BACKWARDS TO BE ACCEPTED BY DC, WHICH ITSELF IS SPLIT NEATLY ON COMMUNIST QUESTION. PSI, IN TATTERS, IS FED UP WITH PCI, UNSURE HOW OR WHETHER TO APPROACH DC AND LOOKING HOPEFULLY TO UNITED STATES TO COOPERATE CONSTRUCTIVELY WITH ITALY'S DEMOCRATIC PARTIES IN COUNTERACTIN SOVIET INFLUENCE HERE.FINA

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, ECONOMIC CONDITIONS, INTELLIGENCE ASSESSMENTS, POLITICAL SITUATION
Control Number: n/a
Copy: SINGLE
Sent Date: 28-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MILAN00175
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770031-0850
Format: TEL
From: MILAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977019/aaaaahdx.tel
Line Count: 244
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 3ef0e4dd-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 MILAN 2261, 76 MILAN 653, 76 MILAN 585
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 08-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3677748
Secure: OPEN
Status: NATIVE
Subject: CABLE FROM PARMA, JANUARY 26, 1977
TAGS: ECON, PINT, PFOR, PINR, IT
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/3ef0e4dd-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009